



## Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact [support@jstor.org](mailto:support@jstor.org).

## THE UNITED STATES STEEL CORPORATION AND LABOR CONDITIONS

---

BY RAYNAL C. BOLLING,

Assistant General Solicitor, United States Steel Corporation, New York.

---

More important than any other fact concerning conditions among workmen is the attitude of their employer in regard to those conditions. At the very outset I wish to make clear the attitude toward their workmen which exists among the officers of the United States Steel Corporation and its subsidiary companies. They are not indifferent or self-satisfied as to conditions among their workmen. They are trying to improve those conditions as fast as it is practicable to do so. They do not maintain that the lot of the steelworker is easy or ideal; but they do maintain that their workmen are treated as well on the whole as the workmen in any other industry and treated far better than ever before in the steel industry. It is on the rate of improvement that your verdict should be given, rather than upon the mere existence of any particular conditions.

In the service of the United States Steel Corporation we do not resent criticism. On the contrary, we give it earnest consideration and try to profit by it when it seems to be deserved. But I ask our critics to consider and all of you to remember that the ten years since the creation of the United States Steel Corporation have brought greater improvement in the conditions of its workmen than any twenty years in the previous history of the steel industry. Do not forget that bread which is baked too fast comes out of the oven burned on the outside and dough in the middle.

Rightly enough, you will ask proof of the sincerity of our endeavors to improve working conditions as fast as is practicable. There is no better proof than our budget. The business corporation which takes millions of dollars each year and spends the money for the benefit of its workmen before it takes any profits, is entitled to public belief in the sincerity of its endeavors. The United States Steel Corporation is spending each year for the betterment of conditions among its workmen approximately \$5,000,000 which would otherwise be applicable to dividends. Before it is subjected to un-

friendly criticism, does not fairness demand an inquiry as to how many other employers are spending as much either in proportion to the size of their business or to the number of their workmen? I hope presently to give you some description and details of this expenditure, of which the items are as follows:

ANNUAL EXPENDITURES OF UNITED STATES STEEL CORPORATION FOR  
IMPROVING CONDITIONS AMONG ITS WORKMEN

Relief for men injured and the families of men killed, which is paid in all cases regardless of legal liability, costs each year, approximately.....	\$2,000,000.00
Accident prevention, in which we have probably the most effective system in the United States, costs each year, approximately.....	750,000.00
Sanitation and welfare work of all sorts, which we are now developing, costs already each year, approximately.....	1,250,000.00
The Pension Fund, which provides support for superannuated employees, requires each year:	
(a) For pension payments, approximately.....	200,000.00
(b) For the creation of a permanent fund to be completed in thirteen years.....	500,000.00
Annual expenditure for these purposes.....	\$4,700,000.00

As there are other items of expenditure for improving labor conditions not included here, it is safe to say that the total annual expenditure is not less than \$5,000,000.

So much for the cost of creating and maintaining better conditions of labor. Now what about the character of this work done by the United States Steel Corporation? I will describe it briefly under separate headings.

*Employees' Stock Subscription Plan*

The United States Steel Corporation has made it possible for every employee, even down to the ordinary laborer, to become an owner of its stock. In its iron mines, a thousand feet underground, I have seen men working with pick and shovel who proved, when questioned, to be stockholders in the company. Over 30,000 of the workmen are thus interested in the business. These employee stockholders derive the following special benefits from the plan: (1) They are induced to save money, often for the first time in their lives. Many a thrifty workman with a snug sum laid by will tell you that he began by putting a few dollars each month into the stock

of the corporation which employs him. (2) For five years they receive a very high return upon their investment, and thereafter a large return for such small investments. (3) They are induced to feel a direct interest in the business and to remember that their own interests are tied up with those of the company. (4) They are encouraged to remain with the company and to profit by permanent employment.

### *Accident Relief*

Before there was any law in this country which required anything of the kind, the United States Steel Corporation established a system of voluntary accident relief absolutely regardless of legal liability. Every man injured and the family of every man killed is taken care of without need of lawsuits or even of any claims against the companies. Last year we were sued in only two-tenths of one per cent of the cases—showing how satisfactory this plan has proved to our workmen. This provision for our injured men and their families costs us each year over \$2,000,000. I believe the acceptance and application of this new principle with respect to work accidents among the 200,000 employees of the United States Steel Corporation have done much to bring about the change in our laws. The adoption of workmen's compensation laws in place of an outworn system of liability based upon negligence is one of the greatest advances in our generation. Foremost in this advance, demonstrating the practicability of the change, was the United States Steel Corporation. Its plan of voluntary accident relief regardless of fault was put into effect before any workmen's compensation act and did more than will ever be known to advance this great and beneficial change.

### *Accident Prevention*

The United States Steel Corporation has spent six years in the development of a system of preventing accidents which I confidently believe is not surpassed anywhere in the United States or abroad. With the experience of its subsidiary companies extending over many years and based upon the largest number of employees in any one concern in the country, the Steel Corporation set about the reduction of accidents to its workmen. The system which has been worked out comprehends all manner of safety devices and other material safeguards, but, above all, it is based upon the development of an

earnest, constant and determined effort to prevent work accidents—all the way from the president down to the lowest workman. Everywhere there has been taught and emphasized the motto, "Safety First," which is the watchword of this campaign among superintendents, foremen and workmen.

A disinterested observer qualified to judge has declared that the South Chicago plant of one of our companies is the safest steel mill in the world, and, upon equally good authority, I am informed that our results in accident prevention are better than those in Germany, which has long been the leader and example in these matters.

In six years the number of serious and fatal accidents among workmen of the United States Steel Corporation has been reduced forty-three per cent, and more than 2,000 men each year are saved from injury or death in work accidents which would have happened to them under old conditions.

This campaign for safety in its mills has cost the Steel Corporation about \$2,500,000, and is now costing \$750,000 more each year. The amount of time, thought and effort which have been given to this work is beyond computation.

### *Surgical and Hospital Arrangements*

At all our mills, mines and plants provision is made for the best surgical and hospital treatment obtainable for employees injured in our work. In the mining regions the arrangements include medical attention for the men and for their families. From time to time prominent surgeons and physicians not connected with our companies are employed to inspect our hospitals and surgical arrangements under instructions to criticise with absolute freedom and to recommend any changes or improvements they may deem advisable.

### *Pensions*

By an arrangement under which \$8,000,000 is being added to the \$4,000,000 originally given by Mr. Andrew Carnegie, there has been provided a permanent fund of \$12,000,000, from the income of which all superannuated employees of the United States Steel Corporation who have remained twenty years in its service are assured support for the rest of their lives. The smallest pension given is \$12 a month and the largest \$100—thus the lowest paid workman will receive enough to provide for his necessities and the high-salaried employees

do not become a drain on the fund. Already more than 1,600 old employees are finishing their lives free from anxiety and want through the benefits of this plan, and each month brings many additions to the number. The annual cost of provision for this permanent fund and the payment of pensions is upwards of \$700,000.

### *Sanitation and Welfare*

The most recently organized work for improving conditions among employees of the Steel Corporation is in sanitation and welfare. This work is being organized in the same manner in which the system of accident prevention has been worked out and with the same theory of bringing these matters home to the heads of departments, superintendents and foremen, and above all, to the men themselves. In these matters especially must the workmen be enlisted. Without their participation all such efforts are merely lifting on boot straps.

Although this work is only in process of organization and development its cost last year has already amounted to \$1,250,000. Time does not permit me to do more than mention some of the ways in which this campaign for better sanitation and welfare was carried on and this great sum of money was spent.

Sanitary disposal of sewage and fecal matter is perhaps the most obvious and imperative question in any work of this kind. In one of our subsidiary companies alone \$100,000 was spent in this sort of work last year.

Provision for pure water in all plants and houses which belong to our companies is an important and expensive matter. A system of purified and cooled water for one plant cost \$4,000.

Drainage of stagnant water, prevention of flies, cutting weeds, collecting garbage, fencing and painting and enforcing cleanliness and order generally are among the demands of this work.

Food supplies, especially milk and meat, must be protected from contamination wherever our companies have any responsibility for providing such supplies.

The installation of wash-rooms, shower-baths and lockers for a change of clothing has cost large sums. One swimming pool has been built and we hope more will follow.

One of our companies is establishing at each of its mills in crowded districts playgrounds for the children of its workmen.

Another company at one of its plants has provided land, furnished seeds, and given prizes for the making of gardens by its workmen. This idea has been so successful that the land allotted to this use now looks like a well-kept market garden.

All our companies are donors to hospitals, churches, clubs, libraries and other organizations established by the communities and the workmen. It is the aim of our managers to make their plants a benefit to the communities in many ways additional to the wages paid the workmen.

Few people know how much our plant managers spend in carrying employees through hard times when there is not work enough, in furnishing groceries and coal, in paying rent and insurance to assist sick employees, in giving a little Christmas cheer to those who are in misfortune. These things are done as a matter of course, year after year, without any advertising.

In many a community the plant manager is the supporter and patron of picnics, athletics, musical organizations among the men and many other wholesome forms of amusement. In some districts schools for special instruction in the needs of their work are maintained by the companies.

Elsewhere, lunch-rooms, waiting-rooms, wash-rooms and improved light and ventilation are the subjects of attention.

I have taken these items directly from the accounts; but please do not understand me to say that all of these things are done in all the subsidiary companies or in any one of them. Many of these things are done in all of the companies, and all these and other means of making better the conditions of its workmen are on trial and under consideration somewhere in the Steel Corporation, with the hope and the purpose of eventually bringing all the companies and all the plants to the best standards.

But right here I wish to impress upon you the necessity of making haste slowly in matters of this kind. Each community of workmen, each mill, has its own particular problems. What may be the duty of an employer in an isolated mining camp would be an unwarranted encroachment upon the independence of the men in a populous community. Always it has been the policy of the Steel Corporation to avoid any sort of paternalism. I believe that has been and is a wise policy for the ultimate good of the company, the workmen, and the country. But remember that such a policy

requires careful study of these various kinds of assistance to the workmen. At one of the National Tube Company playgrounds which I have mentioned, the young woman in charge said to a little girl, "Jenny, your face and hands are dirty. Tell your mother she ought to wash them every morning." Next day the face and hands indicated that Jenny had given them more attention than her mother. The instructress said, "Jenny, did you tell your mother what I said?" "Yes, ma'm." "And what did she say?" "She said you could go to ——." This indicates the independence of a workman's household, an independence which may be sometimes mistakenly asserted, but which ought never to be mistakenly overlooked, ignored or undermined.

Most of the criticism which has been directed toward conditions of labor in the steel mills is applied to the hours of labor, the wages, or the want of organization among the men. There has been much loose talk on each of these three subjects—often without any attempt to analyze the facts or to find out the whole story. I will speak of these three subjects separately.

The hours of labor in the steel mills of this country grew up with the industry. They were not established by the United States Steel Corporation, and they can only be changed slowly where changes are shown to be practicable and desirable. The change most needed has already been made in the mills of the United States Steel Corporation in that seven-day labor no longer exists, except under special circumstances, and the so-called long turn has been practically abolished. This change of itself marked a great advance and ought to prove that effective efforts are being made for the elimination of excessive hours in the steel industry. It may be interesting to know that the changes required to permit Sunday closing in one plant owned by the United States Steel Corporation cost \$11,500.

The twelve-hour day exists among only twenty-five per cent of the workmen employed by the United States Steel Corporation, although in the blast furnaces and rolling mills, to which the twelve-hour day is largely confined, probably half the workmen have a twelve-hour day, more or less modified by periods of rest. As I have said, the twelve-hour day is confined almost entirely to those departments where operations are necessarily continuous throughout the twenty-four hours. Any employer of large numbers of men will tell you that the twenty-four hours must be divided into two turns



or three. The steel industry adopted the two-turn system long before the United States Steel Corporation was organized. The same system prevails in Germany, where labor conditions have probably been made the subject of more state supervision than anywhere else in the world. Personally I am satisfied that the lightening of labor by machinery and the rest periods prevent the twelve-hour day from doing any physical injury to the workmen. It may be that they have not a sufficient amount of time for their domestic and social welfare. That is equally true of a great many business and professional men in America. As a practical matter, there are many difficulties in making a change which will increase the cost of labor at a time when the price of steel products has been steadily reduced and wages have been steadily increased. Since the Steel Corporation was organized the price of its products has been reduced on the average about ten dollars a ton. Meanwhile, wages have been increased twenty-five per cent. Yet the efficiency of labor has not increased. It would be easy to substitute an eight-hour day for twelve hours if the workman could accept two-thirds his present wages, but the workman, like everyone else, prefers longer hours to lower wages; and there are more applicants for twelve-hour positions than for those where the work is only ten hours, because the former pay better. This is an economic problem which confronts the industry and time is required for its solution.

As I have said, wages have been increased twenty-five per cent since the United States Steel Corporation was formed. The corporation has always been opposed to reductions in wages, and in 1907 refused to make reductions, even when others did so. I believe I can say with confidence that no higher wages will be found in the steel industry than are paid in the mills of the United States Steel Corporation. It has sometimes been said that the wages of an unskilled laborer in the steel industry are insufficient for the support of a family according to American standards. While I do not believe the correctness of the statistics relied on has been established, I think there is yet another answer. Wages are necessarily much a matter of supply and demand. That always has been so—it probably always will be. The wage rate of common labor in the steel mills is affected greatly by the facts that a large proportion of the men who seek work are not accustomed to American standards of living and do not intend to change their own standards, and that a large

proportion of them are single men and have no families in this country. For these reasons they can work and seek to work even at low wages, because the supply of unskilled workmen is nearly always large. The same principles are applicable elsewhere than in the steel industry. For example, it is well recognized that wages of women are customarily lower than wages of men, simply because a large proportion of working women are not supporting families to the same extent as the men, and so they can work and seek to work even at lower wages.

Of course you ask me, "Shall these men go on living below American standards and unable to support families in this country?" I answer, "By no means." It is admitted that even now these men are saving money out of their wages, constantly increasing their savings-bank deposits, and bringing their families to this country by thousands. The way out of their difficulty in supporting their families according to American standards is simply to rise out of the ranks of unskilled labor into the ranks of semi-skilled and finally of skilled labor. There is no contention that skilled or semi-skilled labor in the steel mills is not well paid. There can be no question that the supply of such skilled labor is nearly always insufficient. There is customarily an over-supply of unskilled and an under-supply of skilled labor in the steel industry. Perhaps it may be asserted that the present-day immigrant cannot rise from the ranks of unskilled labor. I answer that every class of immigrants who have come to this country and have begun as common laborers have risen successively to the ranks of skilled labor, and that as a matter of fact, the present immigrants are doing the same thing all the time.

The question of organization among the workmen in the steel industry is too large, too serious and too difficult a subject to discuss in a small portion of a short address. It is a subject where discussion too often engenders ill feeling and most unfortunate bitterness, where differences of opinion are seldom accepted with patience or tolerance on either side. For myself, I believe we must get rid of lawlessness and of violence and of oppression on both sides and wherever they appear. I believe no agreement can be reached until the two parties are both prepared to seek an agreement on the basis of mutual advantages offered and of equal responsibilities assumed. We must learn that self-respecting and courageous men, whether workmen

or employers, will never permanently accept any arrangement reached by intimidation or by the doctrine that "You must deal with me or I will not allow you to deal with anyone." I am not going to discuss instances in which either party has acted contrary to what I believe right principles, nor to consider whether any such actions were justified by the acts of the other party. I shall simply state what I believe to be the record and policy of the United States Steel Corporation upon this matter: The United States Steel Corporation has made no war on unionism. It has acted wholly on the defensive and in defence of the principle of the "open shop," where employment is not a question of unionism or non-unionism, but of a man's ability and desire to work. There are great numbers of men in the employ of the United States Steel Corporation to-day who are union men and are known to be such. We do not believe it to be the wish of the people of this country that a man's right to work shall be made dependent upon his membership in any organization. We consider the principle of the "open shop" only another aspect of the principles upon which the government of this country was founded and has been maintained, and in that belief we think the people of this country are with us.

If I have dwelt too largely upon conditions in the United States Steel Corporation, it is because my knowledge of the effect of industrial combinations on labor conditions is derived largely from the conditions in the Steel Corporation. I am not unaware of the good work which has been done by the smaller steel manufacturing companies. I know there has been much of it, but I am not sufficiently familiar with its details to tell you about it. And it is my earnest belief that the great size, the great strength and the great organization of the United States Steel Corporation have made it the most effective factor in the improvement of labor conditions in the steel industry. I do not believe the smaller companies could have afforded many of the things which the Steel Corporation has done, or could have risked many of the experiments which it has tried and found to be successful. In short, I believe the well managed industrial combination is our most potent factor and our greatest opportunity for the improvement of labor conditions.